

Institute of Value Management

Value Management
Benefits in Action:
Case Study Examples
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Value Management – An Overview

- ▶ This document demonstrates the benefits of adopting value based decision making throughout the life of your investments. This ensures they deliver on all dimensions of value including cost, quality and performance for all stakeholders.
- ▶ Too often projects are launched without a clear idea of the value they will deliver. There is also a need to demonstrate ‘value for money’, especially when there is a political dimension to a project.
- ▶ For many investments at completion those auditing the scheme can pose difficult questions, such as querying whether the outcome truly represents ‘value for money’. Value is typically much more than a pure monetary measure.
- ▶ The Institute of Value Management (IVM) is the only professional body in the UK whose sole focus is the investigation, optimisation and delivery of Value. The IVM contributes to the development and application of International Standards for Value and these can be used for all investment decisions.

Value Management delivers a Return on Investment (RoI) of typically Between 10:1 and 100:1+ => See the following real world examples...



Construction Logistics

Case Study

Client: Sellafield Ltd

Scope :

An organisational review to deal with major challenges of construction logistics for major project delivery over next 20 years:

- Very Congested site with limited “free space”
- C. £8bn investment in major projects over 20 years
- Logistics including the movement of people, materials, spoil,
- Project accommodation
- Social Impact / Community Engagement drivers

Approach :

We facilitated several value studies looking at key logistics functions. These featured multidisciplinary team working with supply chain personnel and Sellafield

Benefits realised :

- Wider perspective considered – alignment with wider Cumbrian policy i.e. to support other investments in local council areas
- Investment need over lifecycle
- Stakeholder assumptions, alignment and consensus reached
- Subsequent paper delivered first time through governance
- Bounce and working approach continues 12 months on.
- Allowed sustainable options to be developed to support Net zero 2050 commitment
- Solutions developed identified over £300m of benefit opportunities over the 20yr programme if implemented

Outcomes:

- Unanimous decision on the benefits of adopting a ‘One Vision’ approach to delivering the programme of Major Projects
- Ensured alignment with Strategic vision and Business objectives
- Ideas generated in the workshop are being extended beyond the scope to provide Value across the Site rather than just the projects/programmes.
- Secured funding to continue dialogue and proposal development
- Development of PPP Construction Logistics Improvement Plan with 6 recommendations to take forward for further dialogue on funding to make Major Project Improvements such as: movement of materials, movement of workforce, Haulage Road Implementation, spoil remediation, rail strategy and project accommodation



Railway Project Example

Case Study

The Challenge:

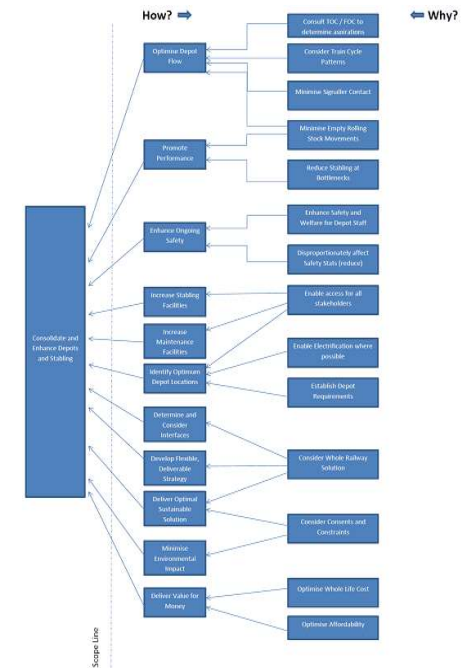
- Congested railway with growing demand
- Conflicts between passenger and freight services
- Programme and budget constraints to achieve with an overall budget of approx. £270m
- Large group of stakeholders with misaligned needs / wants.

Solution:

- Full Value Management life cycle approach adopted, working collaboratively with key stakeholders to drive out value including:
 - Output Definition (Critical Success Factors, Stakeholder Needs, Function Analysis, early Risk identification)
 - Optioneering – filtering and selection of optimum options
 - Value Engineering – driving efficiencies realisation
 - Lessons Learned – exploring successes and issues to enhance future projects.

Results:

- Successful delivery of capacity and journey time improvements
- Hand back and commissioning was achieved to milestone
- The project was delivered sustainably with CEEQUAL achieved
- New technology introduced – more digitisation
- Whole life Operating Expenditure benefits achieved.
- Value Engineering capital investment benefits of approx. £27m, i.e. delivery of savings on the budget of 10%



Offshore Oil Field Project Value Engineering Services

Case Study

Client: Middle East Oil Company (Confidential)

The Challenge:

To review a \$170M offshore oil production project to see if its value to the client could be enhanced through value engineering.

Services:

- Organisation, management and facilitation of value engineering pre-workshop and workshop
- Production of report and close out activities (post workshop)

Solution:

Facilitated a 2 day workshop with a multidiscipline team of 25 people to develop 57 options for value improvement to the project.

Result:

12 ideas selected with potential savings of \$67 - \$137M, representing savings of 39% - 80% of the project budget.



For Further Information

- ▶ Institute of Value Management: www.ivm.org.uk
- ▶ Flyers available at: www.ivm.org.uk
 - 1. IVM General Information Flyer
 - 2. IVM Qualifications and Membership Flyer
- ▶ Standards:
 - BS EN 12973:2020 Value Management – European Standards
 - BS EN 1325:2014 Value Management – Vocabulary
 - BS EN 16271:2012 Value Management – Functional Performance Specification
- ▶ Value for Europe: www.valueforeurope.com
- ▶ The New Value Toolkit: www.constructioninnovationhub.org.uk

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